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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

JEFF HATCH-MILLER, Chairman  
WILLIAM A. MUNDELL  
MIKE GLEASON  
KRISTIN K. MAYES  
GARY PIERCE

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AZ CORP COMMISSION  
DOCUMENT CONTROL

Arizona Corporation Commission

DOCKETED

MAR 28 2007

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Case No. 133

NR

IN THE MATTER OF THE APPLICATION OF  
**NORTHERN ARIZONA ENERGY, LLC**, IN  
CONFORMANCE WITH THE  
REQUIREMENTS OF ARIZONA REVISED  
STATUTES 40-360.03 AND 40-360.06, FOR A  
CERTIFICATE OF ENVIRONMENTAL  
COMPATIBILITY AUTHORIZING  
CONSTRUCTION OF A 175 MW NATURAL  
GAS-FIRED, SIMPLE CYCLE GENERATING  
FACILITY AND ASSOCIATED  
TRANSMISSION LINE INTERCONNECTING  
THE GENERATING FACILITY TO THE  
ADJACENT WESTERN AREA POWER  
ADMINISTRATION GRIFFITH  
SWITCHYARD, ALL LOCATED IN MOHAVE  
COUNTY, APPROXIMATELY 9 MILES  
SOUTHWEST OF KINGMAN, ARIZONA

Docket No. L-00000FF-07-0134-  
00133

**APPLICANT/PETITIONER'S  
RESPONSE TO STAFF MEMO**

INTRODUCTION

Northern Arizona Energy, LLC, ("NAE") hereby replies to the Memorandum dated March 23, 2007, filed by Ernest G. Johnson, Director, Utilities Division ("Staff's Memo") responsive to NAE's Petition (the "Petition") requesting that the Arizona Corporation Commission ("Commission") exercise its discretion pursuant to A.R.S. 40-360.02, for good cause, and grant full consideration of the Application for Certificate of Environmental Compatibility (the "CEC Application") for the proposed Northern Arizona Energy Project

1 ("NAEP") notwithstanding the omission of a plan filing 90 days in advance of the filing of the  
2 CEC Application.

3 RESPONSE

4 NAE appreciates Staff's consideration of the Petition, and Staff's recommendation and  
5 expression of belief that there is good cause for the Commission, should it so chose, to  
6 exercise the discretion expressly granted by A.R.S. 40-360.02 to allow the relief requested by  
7 the Petition.

8 NAE reaffirms its agreement with Staff to an extension of the statutory 180-day period  
9 applicable to the CEC Application, if such should prove reasonably necessary to afford a full  
10 opportunity for Staff to evaluate the System Impact Study ("SIS"), and provide Staff's  
11 analysis thereof to the Arizona Power Plant and Transmission Line Siting Committee  
12 ("Committee), and for the Committee to consider Staff's analysis during the CEC process.  
13 NAE questions, however, the necessity of presently fixing such an extension to a date certain,  
14 November 27, 2007, at the earliest, as proposed by Staff's Memo.

15 As a result of NAE's expenditures for additional manpower in support of WAPA's  
16 studies, NAE is optimistic that the final SIS might be available upon the commencement of  
17 the CEC hearing on May 1, 2007, if not even sooner. Consequently, NAE believes there is  
18 good reason to anticipate that the necessary Staff analysis of the SIS, and the integration of  
19 Staff's analysis by the Committee, could reasonably be accomplished, without hardship or  
20 special expedited handling, well within the normal 180-day period that currently runs through  
21 August, 2007.

22 Of course, NAE recognizes that Staff must ultimately determine its own reasonable  
23 timing and schedule requirements. NAE also understands that, if in the course of the CEC  
24  
25

1 process Staff reasonably, requires a longer period for its handling of the SIS-related issues,  
2 NAE will, as previously committed accept an extension for such time as Staff then reasonably  
3 deems necessary, potentially up to November 27, 2007. Under the facts of this case, however,  
4 NAE is confident that a full 90-day extension, if any, might not prove necessary. Therefore,  
5 NAE respectfully urges Staff to consider modifying its recommendation in order to leave the  
6 specific length of any extension flexible at this juncture, with language such as "up to 90  
7 days, as Staff may reasonably deem necessary based on the facts and circumstances at the  
8 time, prior to any final vote on the issuance of a CEC by the Committee."

9  
10 In any event, NAE respectfully urges that this matter be brought before the  
11 Commission at its April regular Open Meeting in order that the issue can be resolved prior to  
12 the CEC Application hearing that has been noticed to the public for May 1<sup>st</sup> and 2<sup>nd</sup>. NAE  
13 sincerely appreciates Staff's willingness to cooperatively address this matter promptly and to  
14 make its recommendation, with such conditions as Staff deems appropriate, that the  
15 Commission grant the Petition.

16 Respectfully submitted this 28<sup>th</sup> day of March, 2007.

17  
18 By: 

19 Jay I. Moyes  
20 Moyes Storey, Ltd.  
21 Attorneys for Applicant/Petitioner,  
22 Northern Arizona Energy, LLC  
23

24 ORIGINAL and 25 copies of the  
25 Foregoing hand-delivered for filing  
this 28<sup>th</sup> day of March, 2007 to:

Docket Control  
ARIZONA CORPORATION COMMISSION  
1200 West Washington  
Phoenix, Arizona 85007

1 COPY of the foregoing emailed and  
2 hand-delivered this 28<sup>th</sup> day of March, 2007, to:

3 Chris Kempley, Chief Legal Counsel  
4 Arizona Corporation Commission  
5 1300 W. Washington  
Phoenix, AZ 85007

6 Laurie Woodall, Chairman  
7 Arizona Power Plant & Transmission  
8 Line Siting Committee  
1275 W. Washington  
Phoenix, AZ 85007

9 Commissioner Mike Gleason, Chairman  
10 ARIZONA CORPORATION COMMISSION  
11 1200 W. Washington Street  
Phoenix, AZ 85007

12 Ernest G. Johnson  
13 Director, Utilities Division  
ARIZONA CORPORATION COMMISSION  
14 Legal Division  
1200 West Washington Street  
15 Phoenix, AZ 85007

16 Commissioner Jeff Hatch-Miller  
ARIZONA CORPORATION COMMISSION  
17 1200 W. Washington Street  
Phoenix, AZ 85007

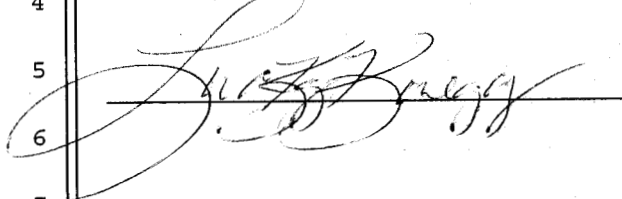
18 Commissioner William Mundell  
19 ARIZONA CORPORATION COMMISSION  
1200 W. Washington Street  
20 Phoenix, AZ 85007

21 Commissioner Kristen Mayes  
22 ARIZONA CORPORATION COMMISSION  
1200 W. Washington Street  
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24 Commissioner Gary Pierce  
ARIZONA CORPORATION COMMISSION  
25 1200 W. Washington Street  
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Steve Olea, Asst. Director  
Utilities Division  
ARIZONA CORPORATION COMMISSION  
1200 W. Washington Street  
Phoenix, AZ 85007

A handwritten signature in cursive script, appearing to read "Steve Olea", is written over a horizontal line. The signature is positioned between the address block and the rest of the page.